

SOUTHERN ILLINOIS

business bulletin

SOUTHERN ILLINOIS UNIVERSITY

CARBONDALE, ILLINOIS

8

SPRING, 1958

NO. 2



Photo by Ben Gelman

CANADA GEESE at Crab Orchard Lake

in this issue . . .

GOOD YEAR FOR NEW LOW-COST HOUSING

TIPS FOR FARMERS WITH LIMITED CAPITAL

HARDWARE MEN LEARN ABOUT "BRAINSTORMING"

IMPORTANT WORLD TRADE ISSUE UP TO CONGRESS

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CHICAGO

LOW-PRICED, WATERY PRODUCTS PROFITABLE TO AREA FARMERS

By Lowell R. Tucker

Due to high fertilizer costs and other limitations such as rolling terrain and small fields, many areas of Southern Illinois find competition severe in the production of low-cost concentrates like barley, soybeans, and corn.

On the other hand, high-priced concentrates, especially if only semiperishable, can often be produced more profitably on land farther from market than Southern Illinois. Some of these products are beef, butter, and vegetable seeds. Richer land in other areas and efficient transportation have cost Southern Illinois some of its advantage of proximity to market.

This seems to leave Southern Illinois its greatest opportunity in the production of watery products selling at low prices per unit of fresh weight. Broadly speaking, these are the products whose fresh, undried weight may be produced for one to ten cents per pound and sold for two to twenty cents a pound.

Following are some of the products that may well be in this group. Some are best adapted under one condition and some under another, but all can be produced in Southern Illinois:

| | | |
|--------------|----------|----------------|
| Eggs | Cucumber | Broccoli |
| Lumber | Melons | Cabbage |
| Milk | Pepper | Green Beans |
| Apple | Pumpkin | Mustard Greens |
| Blueberry | Squash | Spinach |
| Peach | Tomato | Irish Potato |
| Strawberry | Radish | Onion |
| Sweet Potato | Turnip | |

In Southern Illinois, some of the above have both seasonal and perishability advantage coupled with their relatively low price per fresh pound.

When considering what products Southern Illinois can most profitably produce commercially, watery-perishable crops selling at a relatively low cost per fresh pound, with demand in or near this area, rate highly. This is especially true for seasonal crops that mature earlier in Southern Illinois than in nearby metropolitan areas.

Lowell Tucker is an associate professor of Plant Industries in the SIU School of Agriculture.

OLIN GROWING AT ORDILL

Olin Mathieson Chemical Corporation is rapidly expanding its facilities in the Ordill area.

The latest Olin project at Ordill is a plant engaged in research and development of solid propellants for rockets. It is separate from another Olin facility manufacturing explosives at Ordill.

J. J. O'Neill, assistant general manager of the explosives division, said recently the firm will need 175 chemists and engineers and "several hundred more technicians" by the end of 1958. He reported

that the company has already invested several million dollars in the area and plans to manufacture a complete line of commercial explosives for mining, construction, and petroleum industries, along with ammonium nitrate fertilizers and nitric acid.

ROSICLARE MINE LAND LEASED

Mining operations have been resumed on the property of the Rosiclare Lead and Fluorspar Mining Company after four years.

Three independent mining operators of Elizabethtown have taken leases on company property in northern Hardin County.

Because of the decline in spar prices brought on by enlarged foreign imports, the company shut down in March, 1954. At that time it was the nation's largest and oldest consistent producer of fluorspar.

Jacob Blecheisen, company president, said the lease arrangement provided percentage royalty payments to the company and technical supervision by a mining engineer.



Vernon Morrison, right, assistant dean of the SIU School of Business, talks taxes with E. L. Maynard, supervisor of the Illinois Department of Revenue at a recent SIU meeting held to acquaint county tax assessors with 1958 personal and property tax problems.

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HUNTERS, FISHERMAN SPENDING \$10 MILLION YEARLY IN "EGYPT"

By Pete Brown

For some time now, it has been increasingly apparent that recreational fishing and hunting is big business in the United States—so big, in fact, that figures on participation tend to stagger even the soberest imagination.

The reasons for the enormous popularity of fishing and hunting, which account for far more participants than any other "sport" now covered by the nation's press, are obvious: More leisure time and more means to enjoy it. The writer believes the advent of spinning tackle alone has added untold thousands of new fans to fishing's ranks and swollen annual man-hours of fishing in just the past few years. The most exhaustive attempt ever made to gauge the nationwide economic importance of hunters and fishermen was completed in 1955 by Crossley, S-D Surveys Inc., of New York, for the U. S. Fish and Wildlife Service. The survey involved only people who actually fished or hunted during 1955, and it did not reflect the expenditures of other outdoor lovers who benefited from fish and wildlife resources but did not "use" them as nimrods or anglers.

The survey showed that one out of every five Americans 12 years of age or older—25 million people—fished or hunted in 1955. There were something like 9.8 million small-game hunters, two million waterfowl hunters, 4.4 million big-game hunters, nearly 18.5 million fresh-water anglers, and 4.6 million salt-water fishermen.

It was estimated that hunters and fishermen spent \$850,979,000 for equipment, food, lodging, transportation, licenses, duck stamps, dogs, and other goods and services. This, as was pointed out by the Sport Fishing Institute *Bulletin*, is only slightly less than one per cent of the gross national product, and several million dollars more than gasoline tax revenues in all forty-eight states.

Little Egypt Revenues

To assay the economic importance of hunting and fishing to the Southern Illinois region, the author adapted projected averages from the Fish and Wildlife report to license sales and other statistics gathered from the area.

Although the latest available county-by-county figures are three years old, there is enough evidence to estimate that recreational hunting and fishing represents a \$10 million annual business for the entire sixteen counties. There is no reason to doubt that this resource, properly managed and expanded, will in the future become a major influence in the business and community life of Southern Illinois.

According to the Fish and Wildlife Survey, the average small-game hunter in 1955 spent \$50.30 while in pursuit of the sport. For the average fresh-water fisherman the same goods-and-services expenditure was \$77.38.

That year there were 52,326 resident and non-resident fishing licenses sold in the Little Egypt counties. Presuming these anglers spent the conservative \$77.38 estimated by the nationwide survey, the revenue from fishing in this area adds up to \$4,048,985.88.

During the same period, 44,648 resident, non-resident, and 10-day hunting licenses were sold which, if applied to the average \$79.49 small-game payout per hunter, would amount to another \$2,245,794.40 worth of business.

However, the Southern Illinois goose hunter is a somewhat different breed of spender than his quail, rabbit, or squirrel-hunting compatriot. The annual goose concentration in Southern Illinois' three major feeding areas—Horseshoe Lake, Union County, and Crab Orchard Lake refuges—is the heaviest on the Mississippi flyway.

The Horseshoe Lake area itself attracts heavily armored gunners from all over the nation and the \$10 per day most of them eagerly pay for a club-operated pit is only the token beginning of some brisk spending.

The Fish and Wildlife survey pegged annual hunting expenses of waterfowl shooters at \$59.79. Perhaps a more accurate yardstick of Southern Illinois' goose-hunter returns would be the \$60 cost-per-bird estimate sometimes used by conservation officials. On this basis the 1957 Canada-goose season, when a record 55,000 geese were killed in Southern Illinois, may have represented an area-centered spending infusion of some \$4,300,000.

The region's recreational attractiveness was boosted considerably last fall when expanding herd



Pete Brown is an SIU Information Service writer whose weekly column, "The Downstate Fisherman's Guide," appears in many area newspapers.

populations made possible Southern Illinois' first deer-hunting season. Some 3,200 persons bought shotgun-hunting permits for deer in the eleven counties open to hunting. Several hundred archers also took to the field, with limited success.

Although applying the national average expense of big-game hunters—\$73.38—to the raw figure (3,200 deer hunters) would probably serve no valid purpose for this appraisal, it does seem safe to assume that this new hunting resource will fatten the cash outlay considerably. Deer, like Canada geese, attract many hunting specialists who otherwise would probably never get into Southern Illinois.

New Facilities

The state has spent several million dollars acquiring and developing the Horseshoe Lake conservation area and Union County refuge. The Conservation Department is now developing Mermet Refuge in Massac County and plans construction of two small lakes at Ferne Clyffe State Park near Goreville. Future lake building sites are in Randolph County, Saline County, and perhaps the Pope-Hardin or Pope-Massac border.

Devil's Kitchen Lake, now under construction by the government between Little Grassy and Crab Orchard Lakes, will, with its proposed cabin sites, add immensely to the area's recreational potential. Three other projects, one of them slated to begin next fall, could give Southern Illinois some top-notch new sport fisheries.

One of them is the Carlyle Reservoir, for which \$800,000 was included in President Eisenhower's budget message. Some \$250,000 previously appropriated for the Kaskaskia River dam project will go for land acquisition. The state will chip in another \$100,000 to \$150,000.

Another possibility is the construction of a federal dam 120 miles up the river from Carlyle at Shelbyville which would create another large reservoir.

A third, and more remote, possibility is the much-discussed Rend Lake and Big Muddy canalization program. The \$22-million price tag put on the dam altered the likelihood of financing Rend Lake (near Benton) from Franklin and Jefferson County money, and dimmed the hope of immediate government support.

In addition to assuring water for industrial, domestic, and recreational use, these lake-building and land development programs turn loose vast sums of cash for labor and materials in an area that can use every spare dollar or job available.

The Devout Angler

The importance of water to any area's recreational potential cannot be overemphasized. A 1956 report by the Washington Pollution Control Commission estimated that tourists spend \$43 million in that state every year on recreational activities in which water is involved. Residents of the state spend another \$56 million for the same thing.

Forests, of course, are a tremendously important

part of the picture, but in this day and age it is the fisherman who swings most of the weight in terms of recreational utilization. Last year, 101,443 persons of all ages visited Lake Murphysboro, a pretty little 160-acre impoundment run by the State Conservation Department and known chiefly for consistently good bluegill and redear fishing.

Most non-area fishermen come to Southern Illinois for largemouth bass fishing, a form of dedication which has no remote counterpart in any other sport. The boat and motor rental lists at Little Grassy Lake, top bass spot in the area, are crammed with the names of anglers from the St. Louis and Madison-St. Clair County population areas, many of whom spend virtually every summer weekend in devoted pursuit of the largemouth.

True fishermen are, in the main, people for whom no other form of leisure activity holds such a powerful and intense attraction. That there are so many of them speaks well for this nation's leisure inclinations. It also points the way for many an area that is not so well endowed industrially but is blessed by the providence of nature. A key to Southern Illinois' economic future might be found in its further development for recreational hunting and fishing. This is a view held not only by sportsmen, biologists, and such delirious visionaries as the author. Plant locations are made nowadays on a broader basis than availability of labor, water supply, shipping facilities, and so on. The total environment, as it is likely to affect employee attitudes and behavior, is an important factor.

Tourist Potential

On the 19th of November, 1957, there were 245,000 Canada geese in temporary residence throughout Southern Illinois and untold hundreds of hunters crouched in pits awaiting their flights. Only two weeks before, over three thousand gunners had stalked through the woodlands in search of deer. During one week in August an estimated 40,000 people visited Ferne Clyffe State Park for the annual bench and field trials held by the Southern Illinois Foxhunters Association. Despite a season-long slump at Crab Orchard Lake, the largest man-made lake in Illinois, fishing pressure in the area was at a near-record from April through October.

Recreational fishing and hunting, make no mistake, is virtually a year-round business in Southern Illinois and one which ranks well near the top in terms of dollars spent. And the \$10 million per year is a mere beginning compared to the full potential of this resource.

To the many proclamations of growth, progress, civic co-operation, and community attractiveness which now adorn so many Southern Illinois billboards, matchbook covers, and Chamber of Commerce brochures—all meant to catch the eye of some vagrant industrialist—the author would add one more. Its message is succinct, timeless, and stimulating:

"Let's Go Fishing."

OPPORTUNITY SEEN IN 1958 FOR BUILDERS OF LOW-COST HOUSING

By John A. Cochran

Virtually every postwar year has seen increases in housing construction costs both nationally and in Southern Illinois as a result of rising materials and labor costs.

For the country as a whole, the average construction cost of new one-family houses started in 1946 was only \$5,250 while by 1956 the average construction cost had more than doubled to \$11,325.

In the past several years, average residential building costs have risen nearly \$1,000 a year.¹

Because of these rapid increases, prewar definitions of low-cost and medium-cost housing in Southern Illinois are no longer appropriate. At the same time, we must recognize that the increase in construction costs has not occurred uniformly in the 31 counties of Southern Illinois any more than it has increased uniformly across the nation.

Taking into account this recent inflation of building costs, low-cost housing in Southern Illinois might now be defined as a house and lot selling for no more than \$12,000 (which would generally mean a construction cost for a one-family residence of no more than \$10,000) while medium-cost

John Cochran is an associate professor of economics at SIU. This article is adapted from a speech made before a Small Homes Builders Conference at the University.

housing falls in the range of \$12,000–\$16,000 for house and lot. Immediately, we would have to suggest that these definitions may be more appropriate for certain cities and counties in Southern Illinois than for others.

In Table 1 we have listed ten representative cities in nine different counties of Southern Illinois to point up the lack of homogeneity in value of houses, average income, population changes, etc., in this good-sized geographical area.

Market Values in 1950

In 1950 the average market value of homes in thirty-one Southern Illinois counties ranged from \$2,753 in one county to \$6,379 in another county, based on estimates made by owner-occupants to census enumerators. Allowing for possible errors in housing data secured in this way, we still have a substantial range in the value of housing from one county to another. This great diversity among counties is further pointed up by looking at average family income figures which ranged in 1950 from \$1,830 in one county to \$3,490 in another. We also find that some counties experienced substantial population losses in the decade prior to 1950 while others encountered significant increases in population.

U.S. Govt., *Construction Review*, January, 1957, p. 31.

TABLE 1
MEDIAN INCOMES AND HOUSING VALUES IN TEN CITIES AND COUNTIES

| City | City Pop., 1950 | Increase, 1940-50 | County | County Pop., 1950 | Increase, 1940-50 | Median Family Inc. in County, 1950 ¹ | Median Value House in County, 1950 | Potential Median Value House, 1950 ² |
|----------------|-----------------|-------------------|------------|-------------------|-------------------|---|------------------------------------|---|
| Alton | 32,550 | 4.1 | Madison | 182,307 | 22.1 | \$3,490 | \$6,379 | \$8,725 |
| Carleville | 32,721 | 15.2 | St. Clair | 205,995 | 23.4 | 3,155 | 6,054 | 7,887 |
| Carro | 12,123 | -15.9 | Alexander | 20,316 | -20.3 | 1,830 | 2,753 | 4,575 |
| Carbondale | 10,921 | 27.7 | Jackson | 38,124 | 0.5 | 2,516 | 4,730 | 6,290 |
| | | | Clinton | 22,594 | -1.4 | 2,769 | 4,474 | 6,922 |
| Centralia | 13,863 | -15.2 | Marion | 47,700 | 3.1 | 2,822 | 4,242 | 7,055 |
| Collinsville | 11,862 | 21.4 | Madison | 182,307 | 22.1 | 3,490 | 6,379 | 8,725 |
| Granite City | 29,465 | 28.3 | Madison | 182,307 | 22.1 | 3,490 | 6,379 | 8,725 |
| Marion | 10,459 | 13.1 | Williamson | 48,621 | -5.5 | 2,309 | 3,358 | 5,772 |
| W. Vernon | 15,600 | 5.9 | Jefferson | 35,892 | 4.4 | 2,473 | 4,864 | 6,182 |
| West Frankfort | 11,384 | -8.1 | Franklin | 48,685 | -8.4 | 2,456 | 3,171 | 6,140 |

SOURCE: *County and City Data Book*, 1952, Bureau of the Census, U.S. Dept. of Commerce.

¹ Median family income in the U.S. in 1950 was \$3,300.

² Data in this column are calculated by multiplying median family income in the county by a factor of 2½.

TABLE 2

REGIONAL TRENDS IN SELLING PRICE AND SIZE OF
NEW NONFARM ONE-FAMILY HOUSES, 1954-1956

| Year | All Regions | North- East | North- Central | South | West |
|--------------------------------------|-------------|----------------|-------------------|----------|----------|
| <i>Median Proposed Selling Price</i> | | | | | |
| 1954 | \$12,300 | \$13,800 | \$13,100 | \$10,800 | \$12,600 |
| 1955 | 13,700 | 14,400 | 14,700 | 11,800 | 14,100 |
| 1956 | 14,500 | 14,900 | 16,200 | 12,800 | 15,000 |
| <i>Average Floor Area (sq. ft.)</i> | | | | | |
| 1954 | 1,140 | 1,120 | 1,020 | 1,220 | 1,180 |
| 1955 | 1,170 | 1,120 | 1,100 | 1,200 | 1,210 |
| 1956 | 1,230 | 1,290 | 1,150 | 1,240 | 1,280 |

SOURCE: U.S. Govt., *Construction Review*, April, 1957.

One generalization that can be made from 1950 census data is that 80-90 per cent of the existing stock of houses in most counties in Southern Illinois were valued by their owners at less than \$10,000. Doubtless, these same figures could be duplicated widely across the United States. These data show that new housing in this area must be priced low enough if it is to compete for the buying interest of low- and middle-income groups. They always have the alternative of buying an older house, which is likely to be priced under \$10,000.

Potential Market in 1950

Returning again to Table 1, note in the last column a series of figures headed "Potential Median Value House, 1950." These figures were derived by assuming, as in commonly done, that a family can afford a house worth about two and one-half times its annual income. It may be noted that in every one of these ten counties in Southern Illinois in 1950 the average (median) family could afford a better house than it was living in at that time. No doubt this potential replacement market for new, higher-valued homes still exists in this area in 1958 where aggressive selling can persuade families to upgrade their standard of housing to that which their incomes permit them to afford. This replacement market is particularly important for builders, of course, in counties and towns where the population is stationary or even declining.

Turning now to Table 2, we can see what has happened to the proposed selling price of new houses both nationally and in our North-Central region. (To get average construction cost subtract about \$2,000 allowance for lot from these figures.) For all regions, selling price increased \$1,400 from 1954 to 1955 and an additional \$800 from 1955 to 1956. Some of this increase represented higher land cost

as well as higher construction costs.

In our North-Central section the increase was \$1,600 from 1954 to 1955 and a further \$1,500 from 1955 to 1956. In each year, however, part of the increase in selling price represented an upgrading in the quality of the new houses being constructed, as is indicated in the increase in the average floor area in each year given. It was during this period that there was a shift from houses with two bedrooms or less to three-bedroom houses. Nationally, in 1956, seven out of every ten houses started were three-bedroom houses. Family room fireplaces, attached garages or carports, built-in appliances, etc., also were becoming more common in newly constructed houses during this period, particularly in the higher-priced homes.

The Neglected Market

It is this continued upgrading in quality and price which is summarized so clearly in Table 2. Here it may be seen that while nearly a fourth of the new houses built in 1954 (23 per cent) were designed to sell for less than \$10,000, this percentage had dropped to an almost insignificant 8 per cent by 1956, and probably declined further in 1957. Houses built to sell for over \$15,000, on the other hand, increased from the 30 per cent of 1954 to the 56 per cent of 1956, and probably continued to increase in relative importance in 1957.

TABLE 3

PER CENT DISTRIBUTION OF SELLING PRICE OF NEW
NONFARM ONE-FAMILY HOUSES IN THE
NORTH-CENTRAL REGION, 1954-1956

| <i>Proposed Selling Price</i> | 1954 | 1955 | 1956 |
|-------------------------------|------|------|------|
| Less than \$7,000 | 12% | 3% | 2% |
| \$7,000-\$9,999 | 11% | 8% | 6% |
| \$10,000-\$11,999 | 15% | 18% | 13% |
| \$12,000-\$14,999 | 27% | 23% | 21% |
| \$15,000-\$19,999 | 19% | 27% | 30% |
| \$20,000 and over | 11% | 30% | 26% |

SOURCE: U.S. Govt., *Construction Review*, April, 1957.

Part of this trend may be explained by the greater availability of mortgage money to finance the higher-priced homes sold to families with higher incomes and better credit ratings. Another factor is consumer preference which in virtually every area of consumer spending has demonstrated an upgrading in desired quality of goods in the recent boom period when incomes have been rising and jobs have been plentiful. Additionally in the housing market, of course, land values and construction costs have been rising.

Now, however, the honeymoon may be fast approaching its end. Consumers appear to be moving

(Continued on page 11)

HOME ECONOMISTS STUDY ROLE OF HOMEMAKER IN COMMUNITY AFFAIRS

By Anna Carol Fults and Ellen K. Snyder

The ability of a community to solve its problems involves the quality and degree of participation of its citizens in community affairs.

To what extent are homemakers participating in community affairs? In the days of "bustles," the horizon of the homemaker was largely the four walls of the home. In the interdependent society of today the quality of home life is conditioned by economic and political events of the world as well as the immediate community, and the quality of community life depends upon the co-operative efforts of its citizens in attacking and solving its problems. Women must not only look well to the affairs of their households but also to their roles of citizens in their communities.

In order to gain some insight into community participation and some of the factors in family life which seem to be related to participation in community affairs, a study was carried out in April, 1957, in Cairo, Illinois. Homemakers were interviewed to get information relative to activity in the community as evidenced by membership, attendance, committee membership, and offices held in various community organizations, projects, and other activities, as well as information regarding family living. Cairo was selected on the basis of the Community Development project in operation here and the co-operation of the Department of Community Development in carrying out the project.

An analysis of the information from one hundred of the interviews taken in all sections of the community suggest some trends in community participation.

Church and church-related groups are the organizations in which the greater percentage of the one hundred families were members. Sixty-three per cent of this group of one hundred were not members of any organized group other than church and church-related groups, such as women's societies of the church.

Eleven of this group of one hundred homemakers did not belong to any group, including church or church organizations. Twenty-five homemakers belonged to one organization, and this was a church organization in all but three cases.

Twenty-two homemakers belonged to two organizations. These homemakers, too, were most active in church groups. However, eight held offices in organizations; seven served on committees; two

served in special fund drives; and three assisted with the Community Development program.

There were nineteen who participated in three organizations. These women were more active in assuming responsibilities than the groups previously mentioned. Eleven of the nineteen participated in other than church groups. Ten helped in special fund drives; twelve held offices in organizations; twelve served on committees; and three participated in the Community Development program.

Eleven homemakers belonged to four organizations; nine to five; and two to six groups.

The degree of activity in the organizations belonged to is indicated somewhat by the fact that 12 per cent of the total group held offices in organizations and 17 per cent were committee members. Twenty-four per cent had served with special fund drives in the community. Fourteen per cent participated in the Community Development Program.

There were some factors in family life which seemed to show a relationship to participation. There seemed to be greater participation on the part of homemakers in families who own their homes than among those who rent houses or apartments. This indicates a relationship to economic status and probably to stability in the community.

A slight relationship seemed to exist between community participation and parenthood. Homemakers with children of school age were more active than those with preschool children or children beyond school age. Likewise, there seemed to be more participation on the part of homemakers who had been married in the range of from five to twenty-five years.

Greater participation was noted among the homemakers who had a higher educational background. Those who completed high school, attended college, or business school, gave evidence of greater participation and more leadership in activities. This factor seems to be related also to employment outside the home. In the groups of women who were more active in community affairs a larger percentage of them worked outside the home.

Twenty per cent of these one hundred homemakers indicated they would like to participate in community organizations at some future time while 80 per cent did not desire membership. When the homemakers who were less active in community participation were asked their reasons, many replies indicated "too nervous," "can't stand crowds," or "lack of time."

Some suggestions growing out of the study for meeting needs and problems of those interviewed are these:

An investigation into the possibilities of organizing groups for older people.

Emphasize the philosophy of family responsibility toward the community and the community toward the family through churches, schools, press, and other means.

(Continued on page 16)

Anna Carol Fults is chairman of Southern's Department of Home Economics Education. Miss Snyder, who worked on the survey project as part of her master's degree program, is a homemaking instructor in the Marion High School.

"BRAINSTORMING" IS FEATURE OF STATE HARDWARE MEN'S WORKSHOP

By Pete Brown

BRAINSTORM, *v.t.* TO ANALYZE OR DEVELOP A GIVEN SUBJECT OR PROBLEM THROUGH ACCUMULATION AND SUBSEQUENT SYNTHESIS OF SPONTANEOUS IDEAS IN A GROUP SITUATION.

The foregoing definition is unofficial. It is merely an attempt to grant some status to a household word our language trustees have not as yet accepted. Though the term "brainstorming" is used from Madison Avenue to Hollywood and Vine, it has not been recognized by Webster's in the above sense, nor is it likely to be for some time.

The lexicographers have cold-shouldered this unkempt verb because they have already enshrined it as a noun. Webster's New Collegiate dismisses the brainstorm as "any transitory agitation or confusion of mind." The word is more sternly put in place by that rigid patriarch Webster's Unabridged as "a violent transient mental derangement."

But any alert American businessman knows that "brainstorming" is a free-wheeling technique for getting at the root of and hacking away at a problem—a technique in which all the organizational hackers that can get into the conference room are unloosed on an issue with their own axes, their wits.

Ultimately, the cuttings are gathered into a big pile, the loose bark and twigs are winnowed out, and the remaining choice hunks of briar are subjected to a more minute process of whittling. At least 90 per cent of the sculpture that accumulates in one of these brainstorming sessions may be crudest kindling, but out of the rest may come a piece of sheer inspiration, at once the result of and the solution to an operational enigma.

The Small Business Institute of Southern Illinois University is now busily preaching and teaching the Brain gospel to small businessmen and employees throughout Southern Illinois. The missionaries



Planning a "brainstorming" session are (l to r): William Ewert, Chicago, executive secretary of the Illinois Retail Hardware Association; Gene Cox, Marion, IRHA president, and Ralph Bedwell, director of SIU's Small Business Institute.

are careful to point out that brainstorming is no guarantee of salvation, merely a key to enlightenment.

Brainstorming presupposes that if two heads are better than one, then four are better than two, and eight are just twice again that good. There is nothing startlingly new in this approach except in the way it is handled: Everybody is forced into the act; every idea, no matter how freakish or outrageous, is dutifully set down; time limits are set and no interim criticism is allowed. And the most fruitful "brainstorms" sometimes come from the most unlikely brains.

Lessons in brainstorming have been introduced in a series of "Sales Clinics" the Small Business Institute has conducted in widely scattered areas during the past two years. Two types of clinics are offered: First, the day-long, eight-hour session for management people and, second, a more intensive six-session follow-up course for employees. Employers and employees in Mt. Vernon, Carman, and Harrisburg have had nothing but praise for the series, and they are now drawing a capacity audience in Edwardsville. In each town the retailers have been taught how to use brainstorming as a tool to straighten out the management or sales machinery of their own particular store.

The encouraging response prompted SBI Director Ralph Bedwell to attempt something new in the field, a type of "media" clinic so far unmentioned in the scant literature of brainstorming.

Bedwell broached the idea to William Ewert, managing director of the Illinois Retail Hardware Association. It involved staging a one-day "Problem Solving" workshop on the SIU campus.





which hardware store operators throughout the state could be invited. The SBI staff would instruct them in the "how-to's" of brainstorming and then would manage a program in which the "students" would use their new found tool to tackle—and maybe solve—actual hardware store problems of their own. Interspersed would be instructive talks and hardware-store chitchat by SBI consultants, Ewert, and the Cox of Marion, president of the Association. Plans were set for a full day of brainstorming at the SIU Cafeteria February 12. Bedwell expected between twenty-five and thirty participants, but no more than forty-five hardware men showed up along with a brace of wholesalers, an insurance representative, a class of SIU business students, and even a couple of wives.

Following a quick explanation of brainstorming methodology by Frank Stamberg of SIU, the "students" were given a practice problem to kick around: "How many ways can you use ten red socks?" The participants were split into six groups. Moderator Stamberg gave them twelve minutes to come up with at least twenty ideas per group. The brains began storming and, in the allotted time, produced 146 possibilities ranging from the extremely practical (boat anchor) to the imagina-

tive (grind 'em up and use for pigment) to the outright larcenous (add grindings to feed to increase the weight).

With the cerebral ice broken, Stamberg turned things over to Bedwell who introduced the first serious question—problems with wholesalers. Ten minutes were allowed for a brainstorm collection of problems from which the five outstanding would be picked for open discussion. Another avalanche of ideas (or complaints) ensued, the most often repeated of which involved retailing by the wholesaler, packaging misrepresentation, weak sales promotion, shorts on orders, and casual "will call" service.

In the open discussion session that followed, "solutions" to these problems were solicited and they came thick and fast. As they rolled in, covering three blackboards, the familiar pattern began to emerge: The ideas stimulated other ideas; long dormant, unarticulated "feelings" became sensible expressions; seemingly awesome difficulties were whittled down to size and brought into clear perspective.

The hardware men found themselves in surprising agreement on many of their problems. The mutuality made it easy to think about solutions and bring the issues into focus.

Whether brainstorming can demonstrate any conclusive effectiveness in solving the hardware man's problems remains to be seen. But all hands involved in the SBI workshop agreed that the day had been more than worth the \$7.50 (including two meals) it cost.

Sam Boyle, a Marissa store owner, said "It certainly makes you think about your business in a new way and stimulates a lot of ideas. We've needed something like this for a long time."

Joe Brown of Jonesboro echoed these sentiments: "Aside from just learning how to tackle problems, I've picked up a lot of information I know I can use to advantage. Most of us here gained a new insight into our business."

Bedwell plans more sessions bringing together small retailers of the same business stripe to learn the technique and put it to practical work in one thought-provoking day.



FRANK STAMBERG

PRESENT CONGRESS MUST DECIDE AMERICAN FOREIGN TRADE POLICY

By Daniel L. Spencer

The forthcoming Congressional vote on foreign trade policy may be the most critical decision of the year for the U.S. citizen. The famed Reciprocal Trade Agreements Program under which this country has operated for twenty-five years is up for renewal.

This program has moved the U.S. a good way along the path toward freer international trade, but the protectionist bloc in Congress and in the U.S. has fought back tenaciously over the years. At no time since the inception of the program have the protectionists had a better chance of emasculating the program than in the coming Congressional battle.

What does the issue of foreign economic policy mean to the economy of Southern Illinois or, for that matter, the Midwest in general? One can find plenty of reasons for interest if one is in coal or other industries of the region. For simplicity, the case can be hung on agriculture.

In a world of burgeoning population pressing against food supply, the productive American farmer has a special responsibility to be alert to world problems. He has a big stake in foreign trade on a purely self-interest basis. In a previous article in the *Business Bulletin*, Professor Wills¹ called attention to the need to develop new foreign markets for agricultural products. "Trade, not aid" is a must in a world where surplus food products cannot easily be given to food-short countries for fear of upsetting their own farm programs.

BACKGROUND OF AMERICAN TRADE POLICY

Farm interests instinctively know what the Free Trade vs. Protection debate is all about.

This country had no protective tariff until 1816, two generations after the founding fathers and in spite of the protectionist cries of Alexander Hamilton. In our originally agricultural country, industry got a start only because the Napoleonic wars tied up European production. After Napoleon was rounded up and safe on Elba, American industry—then only in New England—clamored for a tariff to protect it from revived European production. Though instinctively for free trade and under the influence of Adam Smith and the classical economists, the South and West went along on grounds of creating a strong domestic market and the making of a strong national state. From then on to the

1930's, the story of our foreign policy is firmly protectionist.

It is perhaps unnecessary to point out that the protectionist policy corresponds broadly to the position of the G.O.P. while the Democrats historically have stood for free, or at least freer, trade. From the Civil War to the thirties, there were only two Democrats in the presidency and an easing of protectionist policies in these periods was barely perceptible. The upward march of the American tariff reached its maximum in the Smoot-Hawley Tariff of 1930, which is credited with doing its share in enhancing if not causing the great depression.

As could have been predicted, the Roosevelt administration followed the historic pattern in moving toward freer trade by establishing the Reciprocal Trade Agreements program. But there was little precedent for the structure of the program which gave the President the power to lower U. S. tariffs—as much as 50 per cent on individual items—i return for concessions of lower tariffs from foreign nations. The idea was to avoid log-rolling which had always ensued when Congress tried to change the tariff; the President is less susceptible to lobbying pressure than the individual member of Congress.

The program has been extended, usually for three years, down to the present. In 1945 an amendment was enacted which authorized a still further lowering of the tariff by 50 per cent of the rate then prevailing on an item. Thus, at maximum, an article's duty could be reduced by 75 per cent.

The victory for free trade was not as complete as might be thought. First this program did not affect the agricultural sector where, with domestic price-support programs, quotas were in force. Quotas are even more restrictive than tariffs because a foreign product may climb the tariff wall but it has no chance of getting past once the quota is filled. Secondly, the U.S. still had many invisible tariffs such as sanitary regulations, customs complications, and the "Buy America Act." Even in the trade agreements program itself, the protectionist forces had several innings. Though frontal assaults on the constitutionality of the R. T. A. were beaten back, it is significant that, as early as 1940 the "escape clause" appeared.

The "escape clause" permits a party signing a contract to escape his commitment if he feels oppressed. While our administrative people assure foreigners it was merely a political gesture to placate protectionist sentiment in Congress, one may imagine the feelings of the Mexicans, for example, in whose treaty this pleasant device was first inserted.

Protectionist sentiment, moreover, began to rise in the postwar period. The Republicans, historically protectionist, seized control of Congress in 1946. In the renewal of 1948, the vitiating provision known as the "Peril Points" appeared. Under the extension, the Tariff Commission—an old Washington agency of conservative hue which had been standing innocuously by since the Wilson admini-

¹Walter J. Wills, "Public Policy Affects Markets for Farmers Here and Abroad." *Southern Illinois Business Bulletin*, Vol. 7 (Fall, 1957), pp. 14-16

on—was dusted off and given a critical role. essence, it determines to what point the tariff be lowered on a given product without causing "harm" from foreign competition.

In spite of all this rising protectionist counter-attack, the postwar administrations went ahead with the freer trade policy. They not only succeeded in continuing the R.T.A. program but sought to lead the free world into a kind of internationalization of the principle of the trade agreement.

RATIONAL TRADE POLICY AT CROSSROADS.

While the present Republican administration might have been expected to go protectionist, it reversed its historic position and continued the R.T.A. program on the advice of its now-famous Marshall Commission, a businessmen's committee which studied our foreign trade policies. The Commission grasped the idea that to export we must export. The trade agreements program was renewed, continued on an interim one-year basis and then for five years, with authorization to cut duties up to ten per cent more of the rates then prevailing. This extension expires in June, 1958. Hence, the question of our foreign trade policy must again be decided.

In the Sputnik era, the administration has called full speed ahead on its liberal trade policies. Interdepartmental Committee of Foreign Trade Reports has proposed a five-year extension with 25 per cent tariff cuts over the next five years. This proposal will undoubtedly be introduced as an R.T.A. extension bill in Congress during the present session. What chance does it have of success and what are the issues involved?

Protectionist forces have gathered strength through the movement of industry to the South. The historic Democratic position on free trade has been broken as the South industrializes. Japanese tariffs are symbolic of the South's protectionist sentiment and the voting in the Congress reflects that it is happening. In the last Congress, free trade legislation was successful in stalling participation in the proposed Office of Trade Co-operation (O.T.C.), a 37-nation organization. Outlook for approval of the O.T.C. in the present session is uncertain.

As important as the O.T.C. issue may be, it is a shadow compared to the test of American foreign policy which extension of the Reciprocal Trade Agreements Program will evoke. Failure to renew the R.T.A. program would stop the free trade movement dead in its tracks. Hence the vital need for rational understanding of the issue.

FREE TRADE VS. PROTECTION.

The issue is simple. Do we want to continue to move toward freer international movement of goods, or, on the basis of economic efficiency and least harm to our citizens, do we want to keep foreigners out of our markets and we in turn keep our own goods out of theirs? Or do we value self-sufficiency, hot-house industry, and a rigid immobile industrial structure which ignores the special interest of protected jobs and

profits come before the over-all well-being of the national economy. Most people will take the former view until their own industry is pinched by foreign competition and then they become protectionists in a hurry. Free trade is fine for the other fellow, but it is not practical in my particular case.

Yet it is important to see that the individual clamor for protection or for "escape" because a "peril point" has been reached adds up quickly to undesirable results on the national level. A few thousand protected jobs mean higher cost, inefficiently produced goods, and we are all that much poorer paying higher prices. Or failure to buy foreign goods means that the foreigners cannot buy our exports unless we give them our dollars. The foreign markets for agricultural products, which were discussed previously, are not likely to develop in a contracting spiral of world trade which would develop if our freer trade policy under R.T.A. is to be halted and reversed.

Reversal is just what a failure to extend the trade agreements program means. Our tariff would again be the Smoot-Hawley Tariff. Other free nations would, of course, retaliate against our goods as they did in 1930. The new Euromarket organization, coming into being in January and following customs union practices in the past, will probably raise tariffs to the outside as it lowers internal barriers, in any case. Given a retreat from liberal trade policy on the part of the U.S., Euromarket will intensify its bent. And politically, the leadership of the U.S. in the free world will experience a body blow.

Actually, such a result will move us closer to the Communist-type economy than we would care to admit. The Communists are ultimate protectionists who believe largely in self-sufficiency of each communist economy and minimize the need for trade based on international specialization and exchange. The free world has been based on individual enterprise freely competing, as in the case of the U.S. land mass where the absence of trade barriers internally makes it an oft-quoted example of the beneficiality of free trade. To move away from this conception would be undesirable in the extreme.

Sticking to the guns of the policies which we have been following for the last twenty-three years makes sense even when our own industry is hard pressed.

MARKET SYMPOSIUM

A Marketing Symposium will be held on the Southern Illinois University campus May 2, featuring regional businessmen and faculty from SIU and other midwestern universities as speakers.

The Symposium, devoted to trends in marketing, will be held from 10 A.M. to 5 P.M. and will be followed by a banquet in the Carbondale Elks Club.

SII EXPRESSING CONFIDENCE AREA WILL PROSPER IN '58

Despite all the current talk about a continued economic downturn across the country, Southern Illinois Incorporated sees 1958 as a banner year for this area.

In fact, says Jack Lewis of Anna, dynamic new president of SII, economic prospects for the next five years look better than they have for the past twenty-five.

"Progress is just getting started here," says the man who made Bunny Bread one of the region's most successful industries. "We have the best chance to grow of any area in the United States."

Goffrey Hughes, executive director of the regional development organization since 1952, is equally optimistic. At no previous time have the chances for industrial expansion looked so bright, he told the SII membership recently.

"In 1953 Southern Illinois Incorporated reported several good sites for chemical and allied operations and two already have been selected," Hughes reported. "We expect a third decision at any time . . .



GOFFREY HUGHES

"Other prospects are being pushed. We are constantly pressing for cement and aluminum plants for this area. Prospects are promising. Wood resources are not forgotten. We hope to attract wood chipping mills that will eventually lead to paper production."

To best achieve these and other industrial goals, the Southern Illinois area must take an offensive rather than a defensive role, Lewis and Hughes firmly believe.

"We have the people and we have the location for industry," Lewis says. "Let's not sell ourselves short."



JACK LEWIS

A visitor in New York during the transportation strike several months ago, Lewis was amazed at the way a subway tie-up could cause so much traffic confusion and virtually paralyze a business and industrial center of nearly eight million people.

"In Southern Illinois, you can fish, play golf, or go to work in a fifteen minutes drive from your home," he says. "In New York, there is hardly room to breathe."

A man well-qualified to talk about the value of advertising and aggressive selling, Lewis advises that the people of Southern Illinois "spend money to sell themselves" so this area will get its share of industries seeking new locations.

"Let's count our blessings here in Southern Illinois and put them to work for us instead of bickering and littling the area where we live," Lewis urges. "I quote Henry Ford, 'Don't find the fault, find the way'."

As Goffrey Hughes sees it, one of the most significant contributions made by SII in its eighteen-year history has been in helping to overcome negative thinking about the area, both by outsiders and by the people who live here.

Among the barriers to sound economic growth in Southern Illinois has been unfavorable publicity which has conditioned the thinking of outsiders about the area, he points out. Internally, there has often been a defeatist attitude that Southern Illinois does not have the facilities or the environment that modern industry wants.

"After a few industries were attracted to the area the position of SII was strengthened because satisfied customers in companies like Sangamo and Norge at Herrin," Hughes explains. "Other plants have been moving in because success breeds success."

In the past year, Allied Chemical and Dye started

(Continued on page 13)

U'S PHYSICAL FITNESS LAB TO SERVE AREA BUSINESS FIRMS

To be able to work at peak efficiency, the business executive, the industrial worker, the sales clerk, and the housewife, must be in physical condition for their jobs and free of emotional stress. Basically, these problems belong in the realm of medical science, and companies with strong health programs supervised by physicians realize that they pay off in terms of worker productivity. But continued physical fitness requires exercise and proper diet, and here is where the technician—working with the doctor—can be of real value.

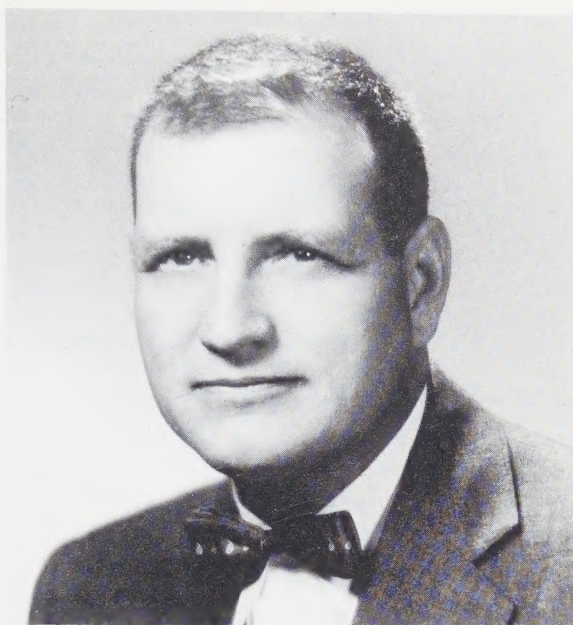
Unfortunately, the term exercise sets most people thinking about strenuous calisthenics, a round of golf, or a session with bar bells in the gym. Diet is automatically taken to mean limiting oneself to meals built around lettuce and crackers.

Actually, to exercise the muscles means simply to use them. And proper dieting for the person in good health means merely proportioning food intake to the amount of daily activity he gets. If, in the course of his normal routine, he uses most of his muscles to good advantage and eats the amount of food his body needs, special exercise and special diets are unnecessary.

Yet many people, whether they work on the assembly line or in the front office, perform their daily functions without using some muscles in the body at all. Because of lazy work habits or bad posture, they tax other muscles needlessly. These unused or improperly used muscles are responsible for aches and pains and tiredness that come on in the afternoon, the nonclinical ailments for which there are many brands of pills and patent medicines. A new Physical Fitness Laboratory has been established at Southern Illinois University to study these problems and to determine what colleges, industries, and other institutions can do about them. Director of the Laboratory is Dr. Jay A. Bender who came to Southern from Peoria where he directed a widely publicized fitness program for executives of five industries.

A good fitness program, Bender believes, involves a testing program that supplements a yearly medical examination and is administered by the company physician. Proper tests with proper prescriptions can help the individual shake off the danger signs of aging, the body deterioration represented by a bulging waistline, stooped shoulders, declining strength in arms, legs, and shoulders, and all the other complaints that begin appearing about age 35 in men who have not kept themselves in condition. From their first appearance, these ailments begin to interfere with job efficiency.

Bender, who holds a doctoral degree in physical education, believes prescriptions should be as easy as practical as possible for busy executives. In many cases, "exercise substitutes" which a man can do while working at his desk or in walking up stairs can be fitted into daily routines.



JAY A. BENDER

In the Peoria program, Bender included strength and flexibility tests, took postural photographs, and studied the individual's routine. Simple exercises pinpointed to the particular problem were recommended. The same problem may have been corrected if the individual played tennis regularly or rode a bicycle, but these more strenuous activities consume time, entail a great deal of wasted motion, and, indeed, do some people more harm than good.

No critic of sports or violent exercise, Bender simply points out that they are not the only way of keeping muscles in tune. And secondly, Bender warns, the individual who wants to indulge periodically in rugged forms of exercise must keep himself conditioned for them the year round—which most casual golfers and hunters do not do.

No individual should go on a diet or take special exercise without consulting a physician, Bender advises. For this reason, his program in Peoria was supplementary to medical examinations and will continue to be so in Southern Illinois. Bender's role is to develop methods so that exercises can be tailored to an individual's needs, compatible with his diet and his regular schedule, to enable the man to feel better, work better, and perhaps live longer.

Part of the function of the new Physical Fitness Laboratory at Southern will be to offer consulting services to area businesses and industries. On the company executive level, fitness programs can be devised through the company physician for men who, because of job pressures and increasing responsibility, have tapered off physical activities to the point where they are endangering their capacity to work at top efficiency. The Laboratory can offer the same service for employees where the company so desires.

GUIDES FOR BRINGING FARMERS BEST RETURN ON LIMITED CAPITAL

By William M. Herr

Most observers will agree that the farmer with unlimited capital resources at his disposal is the exception rather than the rule. Limitations over the control of capital are characteristic of a number of owner-operators and apply especially to the beginning farmer and the tenant.

Before examining several farm management principles that indicate ways to maximize returns when capital is limited, it is well to understand the important role that capital plays in today's agriculture.

The Importance of Capital

A recent book entitled "Capital in Agriculture; Its Formation and Financing Since 1870," published by the National Bureau of Economic Research, concludes that: "The level of capital per person employed in farming largely determines the level of income per person."

Evidence of this general relationship is not difficult to find. Data in Table I illustrate this relationship for three types of farms in Northern and Southern Illinois. It is noted that for each type of farm, farmers in Southern Illinois have about 45 per cent less capital invested and receive a smaller gross and net income. If operating capital were included, the conclusion would be strengthened: In most years, the highest incomes are reported for the types of farms which utilize the largest amounts of capital and when capital limitations exist, the farm operator is likely to receive less income than is potentially possible.

Capital Limitations

Limitations over the control of capital, of course, arise from many and diverse circumstances. Factors that reduce capital availability can be divided into two categories:

1. Thin equities and other causes that reduce the credit worthiness of borrowers. In these cases, lenders may not be willing or able to extend more credit. In general this limitation does not appear to be widespread among owner-operated farms in Illinois as only 30 per cent of such farms are mortgaged, and the mortgage debt averages only 20 per cent of the value of the farm. (In 1940, the comparable figures were on the order of 40 per cent.) Frequently, however, thin equities are the major problem of beginning farmers. These groups of farmers have limited funds and a multitude of opportunities for investing them.

2. A second limitation or control over capital is the aversion to use of credit by the operator.

Studies have shown that many farmers steer clear of debt even though prospective returns are much greater than the cost of credit. The reluctance to use credit is apparently related to risk, uncertainty, and the feeling that debt is somehow "morally wrong."

Recognizing that these limitations occur, the question is how to use available credit to maximize profits. The following three general principles are perhaps the most important guides for farmers and lenders in making best use of available capital:

1. Use capital where it will increase returns the most.
2. Use capital where it will have a quick turnover.
3. Use capital in the less risky enterprises.

USE CAPITAL WHERE RETURN IS GREATEST

This principle can best be illustrated by an oversimplified case. Suppose credit were available to be used in the farm business and the added funds would return \$500 if invested in the dairy enterprise, \$600 if invested in the hog enterprise, and \$900 if used to buy fertilizer. Clearly the choice would be the latter. While this example is clear-cut, the important question is whether there is anything that will give us clues as to what parts of the farm business in Southern Illinois can most profitably use capital. Studies have shown and farmers have demonstrated by their rapidly increasing expenditures that the expansion of size of business has been very profitable in recent years.

Size of operation may be expanded either intensively, that is, adding more resources on the given acreage, or extensively, by adding acres. Both of these seem to offer important investment opportunities on Southern Illinois farms. For example, over-all fertilizer use has increased nearly 40 per cent since 1950. But even with this kind of increase only about half of the cropland in Southern Illinois received fertilizer according to the 1954 Census of Agriculture, and the quantity used per acre averaged less than in other parts of the state.

Another example of increasing size of business intensively is investment in machinery which will free labor for other *productive uses*. The term *productive use* should be emphasized as all too often farmers do not have enough productive work to keep the operator and his family employed for a full year. Investment in equipment is profitable when costs are reduced and the savings in labor are used in care for more livestock, more acres, or in part-time off-farm employment.

Expanding size of business by adding acres also seems to offer attractive returns judged by the prevalence of real estate transfer for farm enlargement. The USDA estimates that between one-third and two-fifths of all transfers are for farm enlargement purposes in the midwest, compared with only one-fourth as recently as 1950. Since 1940 the average size of farm in Illinois has increased thirty acres and half of this increase occurred in the five years prior to the 1954 census.

This article is a summary of remarks made to the Farm Credit Workshop at Southern Illinois University in January. William Herr is an associate professor in the Department of Agricultural Economics.

TABLE 1

CAPITAL AND INCOME LEVELS IN NORTHERN AND SOUTHERN ILLINOIS, 1952-1956.¹

| | Grain Farms | | Hog Farms | | Dairy Farms | |
|-----------------|-------------|----------|-----------|----------|-------------|----------|
| | N. Ill. | S. Ill. | N. Ill. | S. Ill. | N. Ill. | S. Ill. |
| Capital | | | | | | |
| Investment | \$87,000 | \$49,500 | \$89,600 | \$47,200 | \$80,400 | \$44,300 |
| Gross Income | 15,802 | 13,009 | 17,533 | 11,581 | 16,295 | 12,028 |
| Operating and | | | | | | |
| Family Earnings | 8,184 | 6,330 | 8,414 | 2,402 | 6,555 | 5,149 |

Data adapted from "The 1956 Annual Report, Illinois Farm Bureau Farm Management Service."

In general, sizes of farms in Southern Illinois are all. This suggests that in many instances, investment funds for large acreage may be very profitable. Fixed costs are spread over more acres. The need for increasing acreage per farm in Southern Illinois and the opportunity available can be gleaned in part from the census data. In Southern Illinois about two-fifths of the farms are 140 acres or more size compared to about three-fifths of the farms in the northern part of the state.

CASH CAPITAL TURNOVER

The second principle or consideration when capital is limited is to use funds where returns come quickly. In general, this means that a cash crop system of farming should be followed under severe capital limitations, in contrast to dairy farming and beef raising where capital turnover is slower.

Various studies carried out by workers at midwestern colleges have also generally pointed to these conclusions. Although conditions in some of the areas studied differ from those in Southern Illinois, the broad conclusions are likely to hold true. That when capital is very short the most profitable plan is cash crops using all funds for crop production and fertilization. Livestock does not become profitable until more capital is available. Minimum plans then would include pigs followed by feeder cattle, poultry, dairy and beef-raising herds. Feeder cattle may come into the picture earlier depending upon available markets.

7 RISK ENTERPRISES

The third principle in allocating limited capital among alternative enterprises is to use it in the less risky places. Diversification usually reduces risks. Some enterprises are inherently less risky than others. For example, while long-term returns are best for corn, income variability is also high. Most without exception income variability can be reduced by substituting soybeans for corn in the crop rotation with, of course, some sacrifice of income. However, to the farmer who is not well established, it may be important to sacrifice the possibility of high returns in some years for a relatively sure bet.

In livestock enterprises a measure of risk is the number of years returns fail to cover feed costs

(Table II). If this measure is used, the dairy enterprise is least risky, feeder lambs most risky. Thus, the farmer concerned with stability of income might do well to select dairy, poultry, or hogs over lambs or cattle feeding. While he would forego the possibility of reaping big gains in some years, he would also minimize the possibility of large losses in other years.

TABLE 2

RISK IN VARIOUS LIVESTOCK ENTERPRISES AS MEASURED BY THE FREQUENCY WITH WHICH RETURNS FALL BELOW THE VALUE OF FEED.¹

| Enterprise | Odds of returns falling below value of feed |
|----------------------|---|
| Dairy cow herds | 1 year in 100 |
| Beef cow herds | 20 years in 100 |
| Feeder cattle bought | 11 years in 100 |
| Native sheep raised | 20 years in 100 |
| Feeder sheep bought | 27 years in 100 |
| Hogs | 3 years in 100 |
| Poultry | 2 years in 100 |

¹ Data based on 1933-52 experience as reported by the University of Illinois.

A study by the University of Illinois completed some years ago entitled "Organization and Operation of Farms in the Claypan Areas of Southern Illinois" summarizes the need and use of capital in Southern Illinois agriculture as follows:

Production and income possibilities in the claypan area far exceed what was thought possible only a few years ago. To develop these possibilities requires much greater input of capital per farm than has been typical in the past. Building up the soil, increasing livestock numbers and providing necessary equipment and buildings do require considerable capital. Results

(Continued on page 16)

being obtained in the area indicate that such capital investments are sound for the farmer who has average or above-average managerial ability.¹

Supplying farm credit needs when capital is limited is a challenge today. But the challenge to lenders is likely to become greater as increasing amounts of capital are required and used in the modern farm business.

¹ A. J. Cross, and J. E. Wills, "Organization and Operation of Farms in the Claypan Area of Southern Illinois." *Illinois Agr. Exp. Bulletin* 579, August, 1954.

HOMEMAKERS

(Continued from page 7)

An effort toward the rehabilitation of those homemakers whose attitude toward participation in community affairs was expressed by such answers as "not if I can help it."

A study of ways in which transportation may be provided, such as car pools and the like, since many homemakers indicated lack of transportation as a factor related to nonparticipation.

An emphasis on projects in which members of a family can work together.

Believing that every community has something to offer each individual in it, and, in turn, that each individual has something to offer the community in which he lives, it is important that women be challenged in relation to their use of time, talents, creativeness, in joining with others in recognizing, meeting, and solving community problems and needs, in shaping values, and in assuming political roles as well as those involved in their home and family living. Are women being educated for these many and varied roles?

SII

(Continued from page 12)

developing an \$8-\$10 million project at Metropolis. Olin Mathieson has added a rocket propellant plant at Ordill. Decca Records is in business at Pinckneyville. All over the area, smaller firms are taking root and older industries are expanding. There is considerable interest in Southern Illinois on the part of chemical industries.

Hughes' year-end report to the membership said no one organization or set of circumstances can claim full credit for brightening manufacturing prospects in the area.

"A great many organizations and individuals have united their efforts behind the general program of Southern Illinois Incorporated to make Southern Illinois attractive to new and expanding industry."

"We owe a debt of gratitude to our Southern Illinois University and to enlightened labor leadership. Many local communities have effective community development organizations and the management of existing manufacturing plants has had a tremendously beneficial impact. As a result, this area is showing a very healthy economic development."

At SII's annual meeting in late January, encouraging reports were made in other fields of the organization's interest—education, agriculture, and recreation. Particular emphasis was placed on the prospects for canalizing the Big Muddy River.

In 1958, SII will seek to boost its membership from 181 to 250. At \$100 a membership, this would give the regional development body an annual budget of \$25,000 and an opportunity to intensify its efforts on behalf of the area's economic and cultural future.

SII's optimistic outlook and its enthusiasm for the job still ahead is expressed in the motto Jack Lewis has presented: "Let's Be Great in '58 & Things Will Be Fine in '59".

HOUSING

(Continued from page 10)

price conscious than they were even a short year ago. Layoffs and unemployment are spreading nationally and regionally, from the downturn in economic activity which began in September, 1953. Incomes, therefore, are not rising as fast as they were, even for those still at work. In 1958, it thus seems likely that the neglected low-cost and medium-cost housing market will become of increasing importance once again.

More mortgage money should be available this year (an additional \$700 million, according to the Prudential Life Insurance Company) and on somewhat easier terms (FHA has already moved to permit somewhat lower cash down payments by permitting the inclusion of closing costs in the over-cost of the house) so that the buyer with somewhat less cash, and perhaps a somewhat lower income, will be looking for new housing for his growing family. The high amount of regional and interstate mobility in this country, population growth in various areas, along with the continued move from the suburbs, also create added demand for new housing.

For the builder of low-cost and medium-cost housing in Southern Illinois, 1958 can be a year of opportunity.